

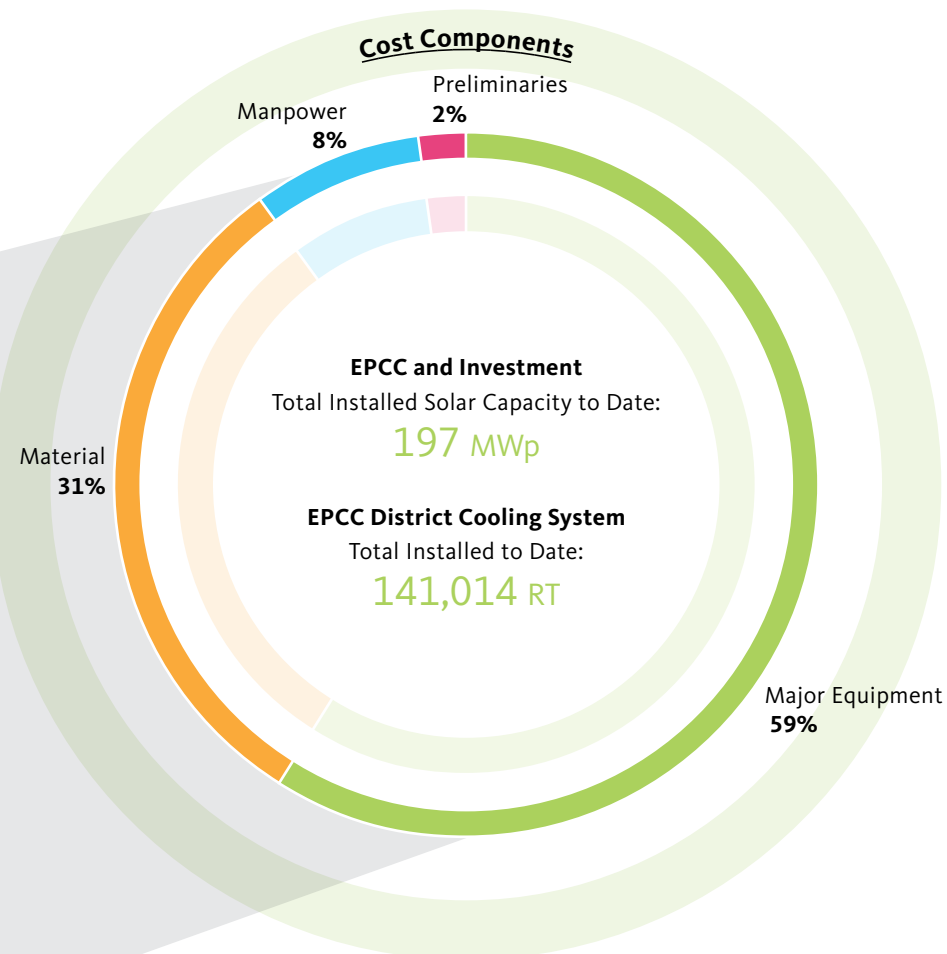
MESSAGES FROM THE LEADERSHIP

Management Discussion and Analysis

▶ Large Scale Solar Farm (LSS4), Kapar, Selangor



SUSTAINABLE ENERGY SERVICES



As part of SunCon's commitment and contribution to national decarbonisation and energy efficiency, the Group provides a wide range of integrated solutions ranging from district cooling plants to renewable energy services including large-scale solar farms, and rooftop solutions for commercial and industrial buildings.

The considerable technological advancement achieved in solar panels have yielded increased power generation capacity and efficiency. The increasing demand for RE oriented products was driven by various government initiatives such as the Corporate Green Power Programme (CGPP) and the National Energy Transition Roadmap (NETR). The ongoing transition to RE was also boosted by the upwards revision in the Imbalance Cost Pass-Through (ICPT) pricing mechanism for industrial and commercial entities. Cumulatively, these and other factors, led to an upturn in projects and opportunities for Malaysia's sustainable energy industry.

However, market challenges such as increasing market competition and fluctuations in solar panel pricing persisted in 2024.

Supply chain disruptions persisted in the first half of the year, but conditions improved in the second half of 2024, supporting access to materials and more stable prices for solar panels.

In 2024, SunCon's Sustainable Energy Services division continued to register notable progress on both business and operational fronts. Highlights include securing an 11.8 MWac quota under the CGPP. The RM37 million project entails the design and construction of a 11.8 MWac CGPP in Kapar, Klang. Works have commenced in January 2025 with completion expected by year's end.

The division successfully completed the Sunway Velocity Mall Solar PV System, a RM1.3 million project for the supply and installation of a solar energy system for the mall. In Johor, the division secured the RM1.85 million project to install a solar energy system to power the Big Box Hotel and Office Car Park Solar PV System. Both projects were completed in February 2024.

Also in 2024, the division successfully completed and energised the solar energy system at all BRT Sunway Line Stations and Depot. This marked a significant milestone in our solar energy investments. This project is backed by a 20-year power purchase agreement with Rapid Bus Sdn. Bhd., which was signed in November 2023. The project aligns with Malaysia's broader move towards RE implementation with the aim of increasing energy efficiency and decreasing carbon intensity. This is very much consistent with the objectives stipulated in the NETR.

To date, SunCon has invested a total of RM10.8 million in rooftop solar projects. The division continues to onboard new, more efficient solar technologies towards enhancing its capabilities.

Alongside solar initiatives, the Sustainable Energy Services division registered further progress on the District Cooling System (DCS) project in Sunway Square, Sunway City Kuala Lumpur. Major equipment including the chiller have been installed and the construction of the thermal energy storage (TES) tank is progressing on schedule. The DCS project is expected to be implemented in stages, aligning with the final completion of the Sunway Square project in 2025.

With regards to sustainability, Sunway Construction's Sustainable Energy division continued its sustainability initiatives which included the use of environment-friendly refrigerants in the DCS project at Sunway Square. The division chose R134a refrigerant which has lower a global warming potential (GWP) and ozone depletion potential in comparison with typical refrigerants. This decision also helps in reducing the impacts of climate change through reducing greenhouse gas emissions.

▶ OUTLOOK AND PROSPECTS

Driven by the present decarbonisation trajectory set by the Malaysian government and the growing acceptance and demand for sustainable energy solutions, prospects augur well for the division.

SunCon will continue to pursue suitable value accretive opportunities arising from the NETR, CGPP and from the general market as corporates look to reduce their dependence on grid sourced electricity. The latter due to higher tariffs imposed as subsidies are gradually reduced over time. In addition, plans by the government to impose carbon tax going forward, albeit on selected industries may also be a demand driver for RE.

Leveraging its established track record, improving technical capabilities and stronger supply chains, the Sustainable Energy Services division aims to continue growing its order book by securing new projects in Malaysia.

The division also intends to broaden its portfolio of RE sources through strategic alliances and JVs. This will enable market expansion, sharing of knowledge and technology and various other mutual benefits. The division will also continue to invest in new technologies on its own while upskilling its human capital. Through the division, SunCon is confident of retaining its leadership position in the RE space in Malaysia while contributing directly to the nation's journey towards decarbonisation and a greener, more sustainable future.